

**OLD DOMINION UNIVERSITY**

**INTERCOLLEGIATE ATHLETICS PROGRAMS  
FOR THE YEAR ENDED  
JUNE 30, 2007**



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## INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

### Deposit Cash Receipts Promptly

The Athletic Ticketing Office does not consistently deposit collections the next business day, as required by University policy. Our review found five of the eight deposits occurred two to 12 business days after collection. Promptly depositing all collections is important to safeguard collections and to maximize interest income on University funds.

University policy and procedures require deposit of cash receipts by the next business day. Athletic Department management should improve its oversight over cash collections to ensure that the Athletic Ticketing Office and all other collection points consistently deposit all funds in accordance with University policy. Athletic Department management must understand that prompt deposit of all collections is an important internal control to prevent mishandling of funds and safeguard against loss.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

December 17, 2007

The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
And Review Commission

Roseann Runte  
President, Old Dominion University

## INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the President of **Old Dominion University**, solely to assist the University in evaluating whether the accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs of the University is in compliance with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3, for the year ended June 30, 2007. The University's management is responsible for the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs and the Schedule's compliance with NCAA requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Agreed-Upon Procedures Related to the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

The procedures that we performed and our findings are as follows:

#### Internal Controls

1. We reviewed documentation of accounting systems and operating procedures. We reviewed the relationship of internal control over intercollegiate athletics programs to internal control reviewed in connection with our audits of the University's financial statements. In addition, we identified and reviewed those controls unique to intercollegiate athletics programs, which were not reviewed in connection with our audits of the University's financial statements.

2. We reviewed an organizational chart provided by Intercollegiate Athletics Department and discussed it with appropriate personnel. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the Department, competence of personnel, and protection of records and equipment.
3. The University provided us with their procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the intercollegiate athletics programs.

#### Affiliated and Outside Organizations

4. Intercollegiate Athletics Department management identified all intercollegiate athletics-related affiliated and outside organizations and provided us with copies of audited financial statements for each such organization for the reporting period.
5. Old Dominion University Intercollegiate Foundation prepared and provided to us a summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations included in the Schedule.
6. We obtained any additional reports regarding internal control matters identified during the independent audits of affiliated and outside organizations and inquired as to the corrective action taken in response to such comments. We noted that the affiliated organizations had been audited by independent public accountants, and we were not made aware of any internal control findings.

#### Schedule of Revenues and Expenses of Intercollegiate Athletics Programs

7. We obtained the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs (Schedule) for the year ended June 30, 2007, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletics Department's accounts in the accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of work sheet adjustments with management and are satisfied that the adjustments are appropriate.
8. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and review of actual amounts expended in comparison to budgeted amounts.

#### Revenues

9. We compared each major revenue account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.

10. Intercollegiate Athletics Department management provided us with a reconciliation of tickets sold during the reporting period along with complimentary tickets and unsold tickets to the revenue recorded in the Schedule and related attendance figures. We reviewed the ticket and attendance reconciliations for selected games and found such reconciliations to be accurate. We also reviewed reconciliations of ticket sales and revenue to the accounting records for selected periods and found those reconciliations to be accurate.
11. The University does not have a separate athletic fee. Instead, it is part of the total comprehensive fee and allocated to athletics. We compared student fees reported in the Schedule to amounts reported in the accounting records and to prior year amounts for reasonableness.
12. Intercollegiate Athletics Department management provided us with a listing of all contributions of moneys, goods, or services received directly by the Intercollegiate Athletics Department from any affiliated or outside organization, agency, or group of individuals that constitutes ten percent or more of all contributions received during the reporting period. We vouched each individual contribution received directly by the University for its intercollegiate athletics programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Old Dominion University Intercollegiate Foundation and Old Dominion University Educational and Real Estate Foundation, affiliated organizations, we noted no individual contribution which constituted more than ten percent of total contributions received for intercollegiate athletics.
13. From the summary of revenues and expenses for or on behalf of the intercollegiate athletics programs by affiliated and outside organizations, we selected and tested receipts of such revenue and agreed each selection to supporting documentation and proper posting in the accounting records. We found all reviewed transactions to be in agreement.
14. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from tournaments, conference distributions, and NCAA distributions. We inspected the agreements and based on analytical review of the amounts reported in the Schedule, we consider revenues to be reasonable. We deemed these revenues to be immaterial for detailed testing.
15. Intercollegiate Athletics Department management provided us with a listing and copies of all agreements related to participation in revenues from broadcast, television, radio, and Internet rights. We inspected the agreements and based on analytical review of the amounts reported in the Schedule, we consider revenues to be reasonable. We deemed these revenues to be immaterial for detailed testing.
16. Based on analytical review of the amounts reported in the Schedule, we consider revenues from royalties, advertisements, and sponsorships to be reasonable. We deemed these revenues to be immaterial for detailed testing.
17. We reviewed the Intercollegiate Athletics Department's procedures for recording sports camps revenues and found the procedures to be adequate. Based on an analytical review of the amounts reported in the Schedule, we consider the amount

reported to be reasonable. This amount was deemed to be immaterial for detailed testing.

18. Based on receipts as listed in the accounting records, we selected and tested collections by the intercollegiate athletics program. We compared and agreed the selected operating receipts to adequate supporting documentation. We found all reviewed amounts to be in agreement with supporting documentation and properly recorded in the accounting records. However, we noted that the receipts were not deposited promptly in accordance with University policy and procedures. The control deficiency entitled “Deposit Cash Receipts Promptly” is described in the section titled “Internal Control and Compliance Finding and Recommendation.”

#### Expenses

19. We compared each major expense account to prior period amounts and budget estimates. We obtained and documented an understanding of all significant variances.
20. Intercollegiate Athletics Department management provided us a listing of institutional student aid recipients during the reporting period. We selected individual student athletes across all sports and agreed amounts from the listing to their award letter. We also ensured that the total aid amount for each sport materially agreed to amounts reported as financial aid in the student accounting system.
21. Based on analytical review of the amounts reported in the Schedule, we consider game guarantee expenses for home games to be reasonable. We deemed these expenses to be immaterial for detailed testing.
22. Intercollegiate Athletics Department management provided us with a listing of coaches, support staff, and administrative personnel employed and paid by the University during the reporting period. We selected and tested individuals and compared amounts paid for one pay period or a bonus payment from the payroll accounting system to their contract or other employment agreement document. We found that recorded expenses equaled amounts paid as salary and bonuses and were in agreement with approved contracts or other documentation.
23. We discussed the University’s recruiting expense and team travel policies with Intercollegiate Athletics Department management and documented an understanding of those policies.
24. Based on disbursements as listed in the accounting records, we selected and tested payments to third parties by the intercollegiate athletics program. These disbursements were for supplies, equipment, travel, and other general expenses. We compared and agreed the selected operating expenses to adequate supporting documentation. We found all reviewed amounts to be properly approved, in agreement with supporting documentation, and properly recorded in the accounting records.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression on an opinion on the Schedule of Revenues and Expenses of Intercollegiate Athletics Programs or

any of the accounts or items referred to above. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of Old Dominion University in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Old Dominion University or its Intercollegiate Athletics Department taken as a whole.

This report is intended solely for the information and use of the President and the University and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

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## **SCHEDULE**

OLD DOMINION UNIVERSITY  
SCHEDULE OF REVENUES AND EXPENSES OF  
INTERCOLLEGIATE ATHLETICS PROGRAMS  
For the year ended June 30, 2007

	Men's Basketball	Women's Basketball
Operating revenues:		
Ticket sales	\$ 680,854	\$ 310,911
Student fees	418,034	83,715
Contributions	368,931	33,958
NCAA/Conference distributions including tournament revenue	30,938	38,363
Broadcast, television, radio and Internet rights	156,962	156,962
Program sales, concession, novelty sales, and parking	-	-
Royalties, licensing, advertisements, and sponsorships	-	-
Sports camps	64,990	41,000
Endowment and investment income	57,861	-
Other	-	-
Total operating revenue	1,778,570	664,909
Operating expenses:		
Student aid	343,022	318,459
Game guarantees	152,000	26,600
Coaching salaries, benefits, and bonuses	909,619	567,428
Support staff and administrative salaries, benefits, and bonuses	68,712	69,080
Recruiting	85,341	72,258
Team travel	158,561	217,140
Equipment, uniforms and supplies	19,553	17,642
Game expenses	283,792	194,742
Fund raising, marketing and promotion	-	-
Sport camps	17,513	16,058
Direct facilities, maintenance and rental	2,891	2,378
Spirit groups	-	-
Medical expenses and medical insurance	1,210	1,371
Membership and dues	-	-
Other	123,150	118,361
Total operating expenses	2,165,364	1,621,517
Excess (deficiency) of revenues over (under) expenses	\$ (386,794)	\$ (956,608)

The accompanying Notes to the Schedule of Intercollegiate Athletics Revenues and Expenses are an integral part of this Schedule.

Non-Program		
Other Sports	Specific	Total
\$ 35,250	\$ -	\$ 1,027,015
315,204	11,787,515	12,604,468
430,210	536,725	1,369,824
36,690	161,307	267,298
-	-	313,924
-	38,061	38,061
5,000	425,936	430,936
533,663	-	639,653
-	28,003	85,864
-	89,970	89,970
1,356,017	13,067,517	16,867,013
1,836,903	-	2,498,384
4,100	-	182,700
1,800,194	-	3,277,241
1,308	2,441,576	2,580,676
109,937	27,970	295,506
658,120	1,369	1,035,190
139,490	393,761	570,446
66,525	-	545,059
-	360,426	360,426
140,191	1,518	175,280
24,503	4,395,750	4,425,522
-	36,692	36,692
1,212	93,489	97,282
2,761	63,135	65,896
177,293	1,226,069	1,644,873
4,962,537	9,041,755	17,791,173
\$ (3,606,520)	\$ 4,025,762	\$ (924,160)

OLD DOMINION UNIVERSITY

NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES OF

INTERCOLLEGIATE ATHLETICS PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2007

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenses of Intercollegiate Athletics Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of revenues and expenses of the intercollegiate athletics programs of the University for the year ended June 30, 2007. The Schedule includes those intercollegiate athletics revenues and expenses made on behalf of the University's athletics programs by outside organizations not under the accounting control of the University. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses directly identifiable with each category of sport presented are reported accordingly. Revenues and expenses not directly identifiable to a specific sport are reported under the category "Non-Program Specific."

2. AFFILIATED ORGANIZATIONS

The University received \$926,324 from the Old Dominion University Intercollegiate Foundation and the Old Dominion University Educational and Real Estate Foundation. Approximately \$818,856 of these funds was for scholarships for student-athletes. Additionally, the Foundations provided in-kind contributions valued at \$421,749 to the University for intercollegiate programs. The amount received is included in the accompanying schedule in Contributions revenue.

3. CAPITAL ASSETS

The University's capital assets include land, buildings and other improvements, equipment, and infrastructure assets such as campus lighting. Capital assets are generally defined by the University as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years including assets acquired under the Higher Education Trust Fund. Such assets are recorded at actual cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Expenses for major capital assets and improvements are capitalized (construction in progress) as projects are constructed. The costs of normal maintenance and repairs that do not add to an asset's value or materially extend its useful life are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. Useful lives by asset categories are listed below:

Buildings	5-50 years
Other improvements and infrastructure	15-30 years
Equipment	2-25 years

A summary of the various capital asset categories relating to Athletics for the year ending June 30, 2007 is presented as follows:

Nondepreciable capital assets:	
Construction in progress	<u>\$ 7,872,684</u>
Depreciable capital assets:	
Buildings	29,091,217
Equipment	575,871
Improvements other than buildings	<u>713,221</u>
Total depreciable capital assets	<u>30,380,309</u>
Less accumulated depreciation for:	
Buildings	10,738,955
Equipment	393,376
Improvements other than buildings	<u>612,887</u>
Total accumulated depreciation	<u>11,745,218</u>
Depreciable capital assets, net	<u>18,635,091</u>
Total capital assets, net	<u><u>\$ 26,507,775</u></u>

4. LONG-TERM DEBT

Long-term debt relating to intercollegiate athletics:

Description	Interest Rates	Maturity	Balance at June 30, 2007
Revenue Bonds:			
Recreation, Series 2003A	2.50% - 5.50%	2010	<u>\$ 1,378,879</u>
Notes Payable:			
Recreation, Series 1997A	4.50% - 5.00%	2018	935,000
Recreation, Series 1999A	4.75% - 5.50%	2010	130,000
Recreation, Series 2000A	5.00% - 5.75%	2021	4,490,000
Recreation, Series 2001A	3.00% - 5.00%	2022	20,315,000
Recreation, Series 2004B	3.00% - 5.00%	2017	5,165,000
Recreation, Series 2004B	3.00% - 5.00%	2020	<u>665,000</u>
Total Convocation Center			31,700,000
Percent used by Athletics			<u>19%</u>
Portion of Convocation Center			6,023,000
Athletic Facility Expansion, Series 2004A	3.00% - 5.00%	2025	2,130,000
Indoor Tennis Court, Series 2004A	3.00% - 5.00%	2025	1,330,000
Athletic Facility Expansion, Series 2005 A	3.50% - 5.00%	2026	3,400,000
Indoor Tennis Court, Series 2005A	3.50% - 5.00%	2026	2,590,000
Athletic Facility Expansion, Series 2006A	3.00% - 5.00%	2027	975,000
Indoor Tennis Court, Series 2006A	3.00% - 5.00%	2027	<u>240,000</u>
Total Notes Payable			<u>16,688,000</u>
Total			<u>\$ 18,066,879</u>
Amortized Bond Premium, Revenue Bonds			<u>\$ 357,719</u>

Long-term debt matures as follows:

	Principal	Interest
2008	\$ 1,119,541	\$ 848,264
2009	1,165,471	797,301
2010	1,217,617	742,961
2011	774,350	685,222
2012	811,450	646,877
2013-2017	4,630,600	2,599,430
2018-2022	5,387,850	1,358,694
2023-2027	<u>2,960,000</u>	<u>265,944</u>
Total	<u>\$18,066,879</u>	<u>\$7,944,693</u>

#### 5. ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers a percentage of each auxiliary enterprise's expenditures, including athletics, to cover overhead costs such as utilities and custodial services. In the fiscal year ended June 30, 2007, the overhead rate charged to athletics and other auxiliary enterprise was 11.62 percent. This amount is included in other operating expenses.



VICE PRESIDENT FOR ADMINISTRATION AND FINANCE  
NORFOLK, VIRGINIA 23529 0014  
PHONE: (757) 683 3464

January 4, 2008

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

Dear Mr. Kucharski:

We have reviewed the internal control finding and recommendation resulting from the Intercollegiate Athletic Programs fiscal year 2007 audit by the Auditor of Public Accounts. Please find below management's response to the finding.

**Finding: Deposit Cash Receipts Promptly**

**Management's Response**

The Athletic Department recognized that the expansion of the curriculum created a challenge in adhering to the University and Commonwealth guidelines with respect to cash receipting. In response to this challenge, the Athletic Department has been working on a plan for over a year to develop a more centralized ticketing operation by incorporating the transition of the athletic "sub-box office" to the University main ticket office housed at the Ted Constant Convocation Center. The plan also consists of the reallocation of an existing position to the Ticket Office so the full time Ticket Manager could transition to the Constant Center. The plan will move the day to day ticket activities to the Constant Center ticket office thereby allowing the Athletic Department to better allocate resources to meet the cash receipting requirements. Full implementation of the plan is scheduled for January 31, 2008.

Please contact me if additional information is needed. Thank you for your recommendation for the benefit of Old Dominion University.

Sincerely,

Robert L. Fenning  
Vice President for Administration & Finance

cc: James Jarrett, Director of Athletics  
Deborah Swieczinski, Assistant Vice President for Financial Planning,  
Budget, and Finance Operations/University Budget Office  
William R. Fisher, III, Controller



## OLD DOMINION UNIVERSITY

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### UNIVERSITY OFFICIALS

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Robert L. Fenning, Vice President for Administration and Finance

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